

**Opening Statement of the Honorable Fred Upton**  
**Subcommittee on Energy and Power**  
**Hearing on “American Energy Security and Innovation: The Role of Regulators and Grid**  
**Operators in Meeting Natural Gas and Electric Coordination Challenges”**  
**March 19, 2013**

*(As Prepared for Delivery)*

I would like to thank Chairman Whitfield for holding this important and forward-looking hearing - one that seeks to proactively address emerging issues resulting from the increased use of natural gas in the nation's electric generation portfolio. An ounce or two of prevention now can avoid big problems down the road.

This country is undergoing a shale gas revolution that is providing the nation with growing supplies of affordable domestic natural gas for use in electric generation as well as manufacturing and residential uses. But at the same time, we are facing the substantial loss of coal-fired generation capacity that will only accelerate over the next few years, especially in the Midwest. Some of these coal-fired plants are closing for good, while others will go offline for extensive retrofits to meet new EPA rules.

The rapid replacement of coal with natural gas in the generation mix can be a challenge in some regions of the country, and I am pleased that two of our witnesses hail from the Midwest and will provide a unique perspective from this region where we need affordable and reliable power not just for homeowners and small business owners but also for our manufacturers.

The Midwest is particularly hard hit by the rapid loss of coal-fired capacity – and this committee will continue to scrutinize the wave of EPA regulations that have targeted coal. And while the Midwest supply of natural gas is plentiful, there are issues that need to be addressed regarding its expanded use in the generation mix. For example, the Midwest Independent Transmission System Operator (MISO) estimates we will need \$2-3 billion in new natural gas pipeline infrastructure by 2015.

Beyond the infrastructure challenges are the regulatory issues. The natural gas and electricity sectors have market and operational differences that may need to be reconciled for this transition to go smoothly.

Again, I would like to thank the chairman for getting out in front of these emerging issues. The shale gas revolution is very good news for the country, but only if we are sensible in how we go about integrating it into the electricity mix. This hearing is a great start toward that end.

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